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ORIGINAL MEMORANDUM
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Arizona Corporation Commission

DOCKETED

JAN 25 2005

TO: THE COMMISSION

FROM: Utilities Division

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: January 25, 2005

DOCKETED BY

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RE: IN THE MATTER OF THE APPLICATION OF AMERIVISION COMMUNICATIONS, INC. TARIFF FILING TO CHANGE LEC BILLED SURCHARGE RATE (DOCKET NO. T-03100A-04-0468)

On June 22, 2004, AmeriVision Communications, Inc. ("AmeriVision") filed tariff revisions to its Telecommunications Services Tariff and Price List. In these revisions, AmeriVision seeks to change its Local Exchange Carrier ("LEC") Billed Surcharge Rate. A LEC Billed Surcharge is a monthly surcharge customers pay to have AmeriVision's long distance charges reflected on their LEC's monthly billing statement. Currently, AmeriVision's long distance customers have the choice of being directly billed by AmeriVision, at no cost or being billed by the customer's LEC at a monthly charge of \$1.50. This filing seeks to increase AmeriVision's LEC Billed Surcharge Rate from \$1.50 to \$2.00. Because customers may pay more under AmeriVision's proposal, Arizona Corporation Commission ("ACC" or "Commission") Staff ("Staff") considers this filing a rate increase.

AmeriVision indicated that it is filing these tariff revisions to keep pace with the costs associated with offering customers the option of being billed for long distance on their local service bill. AmeriVision also indicated that it currently has Arizona customers served by the following three LECs: South Western Telephone, Qwest Corporation and Verizon. These LECs currently assess AmeriVision monthly charges ranging from \$1.77 to \$3.34 for each customer they bill on AmeriVision's behalf.

Staff has reviewed the approved maximum rates for AT&T Communications of the Mountain States ("AT&T") and Sprint Communications Services, Inc. ("Sprint") for the same service. Staff has determined that the Maximum Rate proposed by AmeriVision (\$2.00) is \$0.49 less than AT&T's approved Maximum Rate of \$2.49. Staff also determined the Maximum Rate proposed by AmeriVision (\$2.00) is \$0.50 more than Sprint's approved, Maximum Rate of \$1.50.

AmeriVision indicated that it currently charges for LEC billing in 48 states other than Arizona. In these 48 states, AmeriVision indicated that it charges the same rate it is requesting the authority to charge in Arizona (\$2.00).

Since this filing increases the maximum rates for a component of a service that has been classified as competitive under the Commission's Competitive Telecommunications Service

THE COMMISSION

January 25, 2005

Page 2

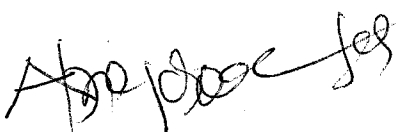
Rules, Arizona Administrative Code ("A.A.C.") R14-2-1110 applies to AmeriVision's proposal. AmeriVision provided the information required by A.A.C. R14-2-1110 to allow Staff to determine the potential effects of approval of the filing. The information provided indicates that the expected revenue effect of approval of this filing is an increase of \$6,540 in AmeriVision's Arizona revenues. This expected revenue effect represents an extremely small percent of AmeriVision's Arizona revenues.

AmeriVision indicated that it currently charges for LEC billing to 1,090 customers in Arizona. Staff has reviewed AmeriVision's customer notification and believes that it is consistent with Commission rules.

The rates contained in this filing are for services that have been classified as competitive by the Commission and that are now subject to the Commission's Competitive Telecommunications Service Rules. Under these rules, rates for competitive services are not set according to rate of return regulation. Staff requested information from AmeriVision regarding its fair value rate base. AmeriVision indicated that its fair value rate base is zero. However, the rate to be ultimately charged by AmeriVision will be heavily influenced by the market. Because of the nature of the competitive market and other factors, a fair value analysis is not necessarily representative of the company's operations. Also, AmeriVision's proposed surcharges for LEC billing are comparable to the rates charged by other providers of the same service in Arizona. Therefore, while Staff considered the fair value rate base information submitted by AmeriVision, it did not accord that information substantial weight in its analysis of this matter.

Staff believes this tariff revision is reasonable, fair and equitable, and therefore in the public interest.

Staff recommends approval of this filing.

for 
Ernest J. Johnson
Director
Utilities Division

EGJ:AJL:rdp/JW

ORIGINATOR: Adam Lebrecht

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 JEFF HATCH-MILLER

Chairman

3 WILLIAM A. MUNDELL

Commissioner

4 MARC SPITZER

Commissioner

5 MIKE GLEASON

Commissioner

6 KRISTIN K. MAYES

Commissioner

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8 IN THE MATTER OF THE APPLICATION) DOCKET NO. T-03100A-04-0468
9 OF AMERIVISION COMMUNICATIONS,)
10 INC. TARIFF FILING TO CHANGE LEC) DECISION NO. _____
11 BILLED SURCHARGE RATE)
12 _____) ORDER

12 Open Meeting
13 February 8 and 9, 2005
14 Phoenix, Arizona

14 BY THE COMMISSION:

15 FINDINGS OF FACT

16 1. AmeriVision Communications, Inc. ("Amerivision") is certified to provide
17 intrastate telecommunications service as a public service corporation in the State of Arizona.

18 2. On June 22, 2004, AmeriVision filed tariff revisions to its Telecommunications
19 Services Tariff and Price List:

20 Telecommunications Services Tariff
21 Tariff Section 4, Page 38.1, Release 2

22
23 3. AmeriVision seeks to change its Local Exchange Carrier ("LEC") Billed Surcharge
24 Rate. A LEC Billed Surcharge is a monthly surcharge customers pay to have AmeriVision's long
25 distance charges reflected on their LEC's monthly billing statement. Currently, AmeriVision's
26 long distance customers have the choice of being directly billed by AmeriVision, at no cost or
27 being billed by the customer's LEC at a monthly charge of \$1.50. This filing seeks to increase
28 AmeriVision's LEC Billed Surcharge Rate from \$1.50 to \$2.00. Because customers may pay

1 more under AmeriVision's proposal, Arizona Corporation Commission ("ACC" or "Commission")
2 Staff ("Staff") considers this filing a rate increase.

3 4. AmeriVision indicated that it is filing these tariff revisions to keep pace with the
4 costs associated with offering customers the option of being billed for long distance on their local
5 service bill.

6 5. Staff has reviewed the approved maximum rates for AT&T Communications of the
7 Mountain States ("AT&T") and Sprint Communications Services, Inc. ("Sprint") for the same
8 service. Staff has determined that the Maximum Rate proposed by AmeriVision (\$2.00) is \$0.49
9 less than AT&T's approved Maximum Rate of \$2.49. Staff also determined the Maximum Rate
10 proposed by AmeriVision (\$2.00) is \$0.50 more than Sprint's approved, Maximum Rate of \$1.50.

11 6. AmeriVision indicated that it currently charges for LEC billing in 48 states other
12 than Arizona. In these 48 states, AmeriVision indicated that it charges the same rate it is
13 requesting the authority to charge in Arizona (\$2.00).

14 7. Since this filing increases the maximum rates for a component of a service that has
15 been classified as competitive under the Commission's Competitive Telecommunications Service
16 Rules, Arizona Administrative Code ("A.A.C.") R14-2-1110 applies to AmeriVision's proposal.
17 AmeriVision provided the information required by A.A.C. R14-2-1110 to allow Staff to determine
18 the potential effects of approval of the filing. The information provided indicates that the expected
19 revenue effect of approval of this filing is an increase of \$6,540 in AmeriVision's Arizona
20 revenues. This expected revenue effect represents an extremely small percent of AmeriVision's
21 Arizona revenues.

22 8. AmeriVision indicated that it currently charges for LEC billing to 1,090 customers
23 in Arizona. Staff has reviewed AmeriVision's customer notification and believes that it is
24 consistent with Commission rules.

25 9. The rates contained in this filing are for services that have been classified as
26 competitive by the Commission and that are now subject to the Commission's Competitive
27 Telecommunications Service Rules. Under these rules, rates for competitive services are not set
28 according to rate of return regulation. Staff requested information from AmeriVision regarding its

1 fair value rate base. AmeriVision indicated that its fair value rate base is zero. However, the rate
2 to be ultimately charged by AmeriVision will be heavily influenced by the market. Because of the
3 nature of the competitive market and other factors, a fair value analysis is not necessarily
4 representative of the company's operations. Also, AmeriVision's proposed surcharges for LEC
5 billing are comparable to the rates charged by other providers of the same service in Arizona.
6 Therefore, while Staff considered the fair value rate base information submitted by AmeriVision, it
7 did not accord that information substantial weight in its analysis of this matter.

8 10. Staff recommends approval of this filing.

9 CONCLUSIONS OF LAW

10 1. AmeriVision is a public service corporation within the meaning of Article XV,
11 Section 2, of the Arizona Constitution.

12 2. The Commission has jurisdiction over AmeriVision and over the subject matter of
13 the Application.

14 3. The Commission, having reviewed the tariff pages (copies of which are contained
15 in the Commission's tariff files) and Staff's Memorandum dated January 25, 2005, concludes the
16 tariff is reasonable, fair and equitable, and therefore in the public interest.

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ORDER

IT IS THEREFORE ORDERED that the tariff pages listed in Finding of Fact No. 2 are approved.

IT IS FURTHER ORDERED that this decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2005.

BRIAN C. McNEIL
Executive Secretary

DISSENT: _____

DISSENT: _____

EGJ:AJL:rdp/JW

SERVICE LIST FOR: AmeriVision Communications, Inc.
DOCKET NO. T-03100A-04-0468

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Mr. Christopher C. Kempley
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